



Backgrounder: The Debt Limit

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Legislative Background:

Since 1917, Congress has voted to raise the statutory limit on public and government held debt almost 100 times. In May 2011, the federal debt once again reached its legal limit prompting Treasury Secretary Timothy Geithner to declare a debt issuance suspension period to extend the Treasury's borrowing capacity.

On August 2, 2011, Dr. Benishek voted for a compromise package that, for the first time in history, coupled real and significant spending cuts to raising the debt limit. The Budget Control Act (BCA) included provisions to raise the debt limit in three stages in return for imposing dollar for dollar discretionary spending caps and reductions. Additionally, the BCA required a vote on a balanced budget amendment to the Constitution. In the end, the package cut spending by \$2.117 trillion, which is more than the increase to the debt limit.

Dr. Benishek's View:

"Voting for the Budget Control Act was probably my toughest vote during my first session of Congress. From my first day in office, my colleagues in the House and myself recognized the need for substantial spending reductions and government reforms to ensure the federal debt ceiling was not exceeded. In fact, the House passed H.R. 2560, the Cut, Cap, and Balance Act, which would have significantly reduced federal spending, enacted spending caps, and would have conditioned the a debt limit increase on passage of a Balanced Budget Amendment to the Constitution. Unfortunately, as with many House-passed bill, the Senate ignored this measure, ensuring the federal spending would eclipse the debt ceiling.

After hearing from constituents in the district, I determined that allowing the federal government to default posed too great a risk to the many constituents who receive and rely on Social Security and Veterans' benefits. Moreover, many local business leaders reach out to me to express anxiety over the potential consequences of failing to raise the debt ceiling. Although the debt limit was increased, for the first time it was paired with significant spending reductions. This agreement ensured that at a minimum, federal spending would be reduced \$1.2 trillion over ten years. Also important, this law mandated discretionary spending caps which will reduce federal spending an additional, \$840 billion. Finally, this agreement mandates a vote on a balanced budget amendment in both the House and Senate.

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– Dr. Dan Benishek

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Now, like many people I am not satisfied by the level of spending cuts mandated by the BCA. But, it is not insignificant to say that House Republicans changed the conversation in Washington. Whereas previous Congresses would have rubber-stamped a debt ceiling increase, my colleagues and I forced the President, and the Democrat-led Senate to own up to their out-of-control spending ways. The federal debt is a behemoth, and it is generations in the making. Reducing the federal deficit is like a battleship reversing course: it is going to take some time to turn it around. But we will. This is just the first step."

What Others Are Saying About The Debt Limit:

Dave Camp (R-MI 4th District), Chairman of the House Committee on Ways and Means:

"Congress must act to cut spending and get our debt under control, and that is what the legislation before us does. First, the bill cuts more than \$900 billion in federal spending and meets the expectations of the American people that we cut spending by more than we increase the debt limit. Second, the bill guarantees that the House and Senate will vote on a Balanced Budget Amendment. More than half of the States have a balanced budget and it is time Washington's books are balanced as well. And third, the bill also demands reforms to the way Washington works."

U.S. Rep. Mike Pence (R-IN 6th District):

"This Congress has an obligation to defend the full faith and credit of the United States of America and find a way to pay our bills. But this Congress also has an obligation to keep faith with this and future generations by restoring fiscal responsibility and discipline to our national treasury."

Paul Ryan (R-WI 1st District), Chairman of the House Committee on the Budget:

"The Budget Control Act represents a victory for those committed to controlling government spending and growing our economy...While the immediate debt ceiling issue has been responsibly resolved, a spending-driven debt crisis remains a threat. To lift this crushing burden of debt and help spur job creation, policymakers must advance serious structural reforms to the largest driver of our debt: government spending on health care, including the President's costly, partisan health-care overhaul. The Budget Control Act marks a positive step forward in getting government spending control, but much hard work remains."

House Vote:

On August 2, 2011, President Obama signed into law the Budget Control Act of 2011 (BCA) (P.L. 112-25), following House approval of the measure by a vote of 269-161 on August 1, 2011, and Senate approval by a vote of 74-26 on August 2, 2011.